DRN-3535349

The complaint

Miss A complains that Monzo Bank Ltd added a marker about her at CIFAS the national fraud database when it closed her account.

What happened

Miss A said she found out about the marker when her bank account at a different financial business was closed. She says she wasn't involved in any fraud and wants the marker removed.

Monzo Bank said that Miss A opened an account on 30 May 2021. It received reports from other financial businesses about fraudulent activity relating to her account. So, it closed the account and registered the marker. Monzo Bank said it wouldn't be removing it.

Our adjudicator didn't recommend that the complaint be upheld. Miss A told him that she opened this account as she intended to obtain a second job. She said she had paid £1 into the account but he noted from her statement that there was no record of this. She didn't recognise any other actual or attempted payments into the account. On 18 June 2021 a payment for £1,900 was credited and then all paid out that day. The money seemed to have been used to purchase crypto currency. And on 19 June 2021 a payment credit to the account for £1,090 was attempted but prevented. Both of these payments were reported as fraudulent. Miss A also said she didn't recognise a payment of £1 from a third party on 10 June 2021 which was also paid away a couple of days later. She stated that she didn't give anyone else access to her details.

Our adjudicator said that there was a high bar for adding a CIFAS marker. And here Miss A had received fraudulent funds into her account and had no explanation of how someone else could have taken it over. He didn't conclude that the funds were transferred out without her knowledge or co-operation.

Miss A didn't agree and is represented in this complaint. Her representative said that we hadn't discussed the payments with Miss A during the investigation. She provided details of an accepted case of Identity Theft linked to a benefit claim in her name. And showed that she had reported what happened to Action Fraud.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I need to consider whether the report to CIFAS was made fairly. On this point, Monzo Bank needs to have more than a suspicion or concern. It has to show it had reasonable grounds to believe that a fraud or financial crime had been committed or attempted and that the evidence would support this being reported to the authorities.

I listened to a call our adjudicator had with Miss A about her complaint. He asked her about the payments that had been reported as fraudulent. And I think he fairly gave her the opportunity to explain what happened. Her position has always been that she only paid in £1 to open the account.

It isn't in dispute that the account was opened by Miss A and that she had verified her identity. So, while her identify may have been compromised elsewhere that doesn't assist me with this complaint. There is no information that Action Fraud was able to confirm that Miss A had been the victim herself here. She said that the account was for money from a planned second job. The information about employment she has been able to provide relate to job offers in April and then August 2021 but not at the time this account was opened.

Miss A hasn't been able to explain how an unknown third party would have been able to discover her account details – which as she says she hadn't used to make any payments. And to be able to log in to the app using her security credentials and operate the account without her knowing. She told our adjudicator that she received the card and PIN and didn't use this and that she could access the app. She is clear she didn't provide this information to anyone else. And I can't see it's most likely someone was able to take over her account.

I'm satisfied that the actual and attempted payments into her account were reported as fraudulent. I don't have any credible explanation other than that Miss A was complicit in dealing with these payments and so responsible for what happened on the account.

Monzo Bank says that it applied the CIFAS marker because Miss A received fraudulent funds into her account. So, I've looked at whether it was fair to apply the marker, based on the evidence it had, and the investigation it carried out. CIFAS guidance says the business must have carried out checks of sufficient depth to meet the standard of proof set by CIFAS. This essentially means that it needs to have enough information to make a formal report to the police. And that any filing should be for cases where there are reasonable grounds to believe fraud or financial crime has been committed, rather than mere suspicion.

Having reviewed Miss A's account of events and the evidence she has provided, I'm satisfied that Monzo Bank had sufficient evidence for the CIFAS marker to be recorded. In coming to this view, I've taken into account the following reasons:

- Miss A received fraudulent funds into her account and didn't report this to Monzo Bank at the time.
- She was in control of who had the benefit of this money.
- Monzo Bank had grounds to believe that Miss A had used fraudulently obtained funds based on the evidence it had.

I think it was reasonable for it to close her account and apply the CIFAS marker. I appreciate what Miss A says about the impact of the marker for her but I'm afraid I won't be asking Monzo Bank to do anything further.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 29 July 2022.

Michael Crewe

Ombudsman